

Message Text

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67

ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 IO-14 ISO-00 SSO-00 NSCE-00

INRE-00 USIE-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07

PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02

TRSE-00 PRS-01 SP-03 FEA-02 OMB-01 SWF-02 AF-10 EA-11

NEA-14 DRC-01 (ISO) W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC NIACT IMMEDIATE 6790

INFO AMEMBASSY BONN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY CARACAS IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY LUXEMBOURG IMMEDIATE

AMEMBASSY PARIS IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY THE HAGUE IMMEDIATE

USMISSION OECD PARIS

USMISSION GENEVA

C O N F I D E N T I A L EC BRUSSELS 2568

CARACAS FOR AMBASSADOR EBERLE

E.O. 11652: GDS

TAGS: ETRD GATT EEC US

SUBJECT: ARTICLE XXIV:6 NEGOTIATIONS--EC PERMANENT
REPRESENTATIVES' MEETING APRIL 29

REF: A. EC BRUSSELS 2530; B. STATE 86686; C. ROME 5879

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1. SUMMARY: A LONG, DIFFICULT EC PERMANENT REPRESENTATIVES DISCUSSION THE EVENING OF APRIL 29 WAS CHARACTERIZED BY (A) UNCHANGED MEMBER STATE POSITIONS IN MOST CASES; (B) FURTHER SMALL SHIFTS IN THE STATED ITALIAN POSITIONS ON CITRUS AND TOBACCO; AND (C) INDICATIONS OF FLEXIBILITY IN THE BELGIAN POSITION ON DUMPERS, SCRAPERS, AND MARINE ENGINES BUT CONTINUED PROBLEMS ON OUTBOARD MOTORS. WE UNDERSTAND THAT THE COMMITTEE CHAIRMAN (THE GERMAN PERM REP) AGAIN MADE A STRONG PLEA FOR ALL DELEGATIONS TO ACCEPT THE COMMISSION PROPOSAL. THE PERM REPS ARE SCHEDULED TO RESUME DISCUSSION OF THIS ITEM ON THURSDAY, MAY 2. MANY KEY COMMUNITY OFFICIALS WILL BE IN LUXEMBOURG ON APRIL 30 FOR AN EC COUNCIL MEETING AND THE COMMUNITY WILL BE SHUT DOWN MAY 1 FOR THE TRADITIONAL EUROPEAN HOLIDAY. END SUMMARY.

2. ACCORDING TO A PERM DEL SOURCE (ESSENTIAL TO PROTECT NATIONALITY) THE PERM REPS MET FROM 6:30 PM TO 10:15 PM IN A DIFFICULT SESSION ON THE ARTICLE XXIV:6 NEGOTIATIONS. THERE WAS A RUN-THROUGH OF MEMBER STATE POSITIONS ON THE VARIOUS ITEMS IN THE COMMISSION'S PROPOSAL. TO OUR KNOWLEDGE, THE UK REMAINS THE ONLY COUNTRY SEEKING IMPROVEMENT IN THE COMMUNITY OFFER TO THE UNITED STATES BEYOND THE COMMISSION'S PROPOSAL. THE FRG--APPARENTLY SUPPORTED BY SEVERAL COUNTRIES--CONTINUED THROUGHOUT TONIGHT'S MEETING TO URGE UNANIMOUS AGREEMENT BY THE NINE ON THE COMMISSION PROPOSAL AS IT STANDS. FOR THE MOST PART MEMBER STATE POSITIONS SHOWED NO CHANGE AS COMPARED WITH THE PREVIOUS MEETING (REFTEL A) ALTHOUGH THERE WERE SOME SIGNS OF FLEXIBILITY ON SENSITIVE ITEMS OF INTEREST TO US.

3. ON ORANGES, THE ITALIAN PERM REP HAS APPARENTLY TAKEN A SLIGHTLY DIFFERENT POSITION THAN HE TOOK IN THE APRIL 26 MEETING. WE HAVE DOUBLE-CHECKED AND FIND THAT HE DID ON THAT OCCASION INDICATE A WILLINGNESS UNDER CERTAIN CIRCUMSTANCES TO CONSIDER THE ARRANGEMENT REPORTED IN REFTEL A, PARA SIX. IN
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TONIGHT'S MEETING, HOWEVER, THE ITALIANS INDICATED THAT WITH GREAT EFFORT, THEY COULD ACCEPT A CXT OF 13 PERCENT FOR APRIL; SIX PERCENT FOR THE FIRST HALF OF MAY; AND FOUR PERCENT THEREAFTER THROUGH SEPTEMBER 30. THEY STATED THAT FURTHER CONSIDERATION WOULD BE REQUIRED IN ROME IF THEY ARE TO BE ASKED TO ACCEPT A TARIFF REDUCTION FOR THE FIRST HALF OF OCTOBER. FRANCE IN ANY CASE OPPOSED A CONCESSION IN

OCTOBER. (COMMENT: WE ASSUME THAT ITALY WOULD STRONGLY PREFER TO GO NO FURTHER THAN THE COMMISSION PROPOSAL IF THE COMMUNITY CAN SETTLE ON THAT BASIS. SEE EMBASSY ROME'S REPORT IN REFTEL C.)

4. ON TOBACCO, WE UNDERSTAND THAT THE ITALIAN PERM REP HAS NOW SAID THAT WITH THE GREATEST OF DIFFICULTY HE WOULD TRY TO GET ROME TO ACCEPT THE COMMISSION PROPOSAL FOR A CXT OF 14 PERCENT WITH A MAXIMUM OF 55 UNITS OF ACCOUNT. APART FROM THE ITALIAN PROBLEMS, WE ARE TOLD THERE ARE NOW THREE RESERVES ON THE TOBACCO ITEM. FRANCE HAS ENTERED A RESERVATION ON THE COMMISSION PROPOSAL AND WE DO NOT KNOW WHETHER IT REPRESENTS A SERIOUS PROBLEM OR NOT. BELGIUM HAS, WE ARE TOLD, PLACED A RESERVATION ON THE INTERNAL SUPPORT ARRANGEMENTS FOR ITALIAN TOBACCO. THE UK HAS RESERVED BECAUSE IT WOULD STILL LIKE THE CONCESSION TO THE US TO GO BEYOND THE COMMISSION PROPOSAL. FINAL COMMUNITY AGREEMENT ON THE TOBACCO CONCESSION WILL REQUIRE SOME KIND OF CONSULTATION WITH GREECE AND TURKEY. AND APPARENTLY THIS CONSULTATION CANNOT TAKE PLACE UNTIL THE NINE HAVE REACHED AGREEMENT IN PRINCIPLE AMONG THEMSELVES. THEREFORE, WE UNDERSTAND THAT THE COMMITTEE CHAIRMAN HAS ASKED THE DELEGATIONS CONCERNED TO TRY TO GET THEIR RESERVATIONS LIFTED AT ONCE.

5. BELGIUM INDICATED THAT IT WOULD NOW BE PREPARED TO GO ALONG WITH THE OTHER MEMBER STATES IF THERE IS UNANIMOUS AGREEMENT REGARDING CONCESSIONS ON DUMPERS, SCRAPERS AND MARINE ENGINES. THE BELGIANS CONTINUE TO INDICATE CONSIDERABLE DIFFICULTIES ON OUTBOARD MOTORS AND STATED THAT, IF A CONCESSION WERE TO BE CONSIDERED, CONFIDENTIAL

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IT SHOULD BE LIMITED TO OUTBOARD MOTORS OF MORE THAN 50 HORSEPOWER.

6. WE UNDERSTAND THAT THE FRENCH ARE CONTINUING THEIR EFFORTS TO NAIL DOWN AN INTERNAL UNDERSTANDING AMONG THE NINE REGARDING COUNTERACTION SHOULD THE US WITHDRAW CONCESSIONS. THE UNDERSTANDING HAS NOT YET BEEN COMMITTED TO WRITING ACCORDING TO OUR INFORMATION, BUT THE UK IS THE ONLY HOLD-OUT IN PRINCIPLE.

7. THE COMMITTEE OF PERM REPS IS NEXT SCHEDULED TO MEET ON THURSDAY, MAY 2 AT 10:00 AM. THE ARTICLE XXIV:6 QUESTION MAY BE TAKEN UP EARLY IN THE DAY. THE EC COUNCIL IS HOLDING A SPECIAL SESSION ON DEVELOPMENT AID IN LUXEMBOURG APRIL 30. THE

COMMUNITY WILL BE CLOSED FOR A HOLIDAY MAY 1.MYERSON

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